



Department of Justice

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DEPARTMENT OF JUSTICE SETTLES LAWSUIT AGAINST FEDERATION OF PHYSICIANS AND DENTISTS

Settlement Would Bar Conduct That Raised Fees Among Cincinnati-Area OB-GYNs, Allows Patients to Receive the Benefits of Competition

WASHINGTON — The Department of Justice today reached a settlement with the Florida-based Federation of Physicians and Dentists (Federation) and one of its employees that would prevent the Federation from coordinating members' negotiations for fees and terms that resulted in increased fees among Cincinnati-area OB-GYNs. The Department said that today's settlement would resolve the Department's antitrust concerns and ensure that OB-GYN patients receive the benefits of competition for their health care needs.

On June 24, 2005, the Department filed an antitrust lawsuit in U.S. District Court in Cincinnati against the Federation, one of its employees, and three physicians, alleging that their actions caused Cincinnati-area health care insurers to raise fees paid to the Federation's OB-GYN members above the levels that the OB-GYNs likely would have obtained if they had negotiated competitively with those insurers. The three physicians – Dr. Michael Karram, Dr. Warren Metherd, and Dr. James Wendel – settled the charges against them at the time the complaint was filed. Today's proposed settlement, which was also filed in U.S. District Court in Cincinnati, would resolve the lawsuit against the Federation and its employee, Lynda Odenkirk. The settlement is subject to court approval.

The Department's complaint alleged that the Federation unlawfully coordinated its approximately 120 Cincinnati-area OB-GYN member physicians, who constitute a large percentage of Cincinnati-area OB-GYNs, to negotiate or renegotiate higher fees in their contracts with Cincinnati-area healthcare insurers. The Federation, with substantial assistance from the physicians named in the original lawsuit, allegedly helped implement its members' concerted demands to insurers for higher fees and more favorable related terms, demands which were accompanied by threats of contract terminations.

"This settlement confirms the Antitrust Division's determination to stop illegal conduct that harms the public by increasing the prices that consumers and their employers pay for health care," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

The settlement prohibits the Federation and Odenkirk from:

- Being involved anywhere in the country in negotiating or contracting with payers for health care services provided by the Federation's private-practice members';
- Representing any independent physician with any payer;
- Reviewing or analyzing any proposed or actual contract or contract term negotiated between a physician and any payer;
- Communicating with any independent physician regarding contracts or terms; and
- Training or educating any independent physician about contracting or negotiating with any payer.

The proposed final judgment and the competitive impact statement will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed consent decree within 60 days of its publication to Joseph Miller, Acting Chief; Litigation I, Antitrust Division, U.S. Department of Justice, 1401 H Street., N.W., Room 4000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the court may enter the proposed final judgment upon finding that it serves the public interest.

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